

COPY

UNITEL

September 29, 2005

Hon. Charles S. Haight, Jr.
Senior United States District Judge
Southern District of New York
500 Pearl Street, Room 1940
New York, NY 10007

Re: United States v. District Council of Carpenters
90 Civ. 5722 (CSH)

Dear Judge Haight:

This is the first opportunity I've had to write to your Honor since my appointment as Independent Investigator (I.I.) pursuant to the Court's final Order entered August 26, 2005.

Upon release of the Court's opinion on July 18, 2005 confirming the District Council's selection of Unitel/William P. Callahan as the I.I., and with the knowledge of the parties, I decided it was in the best interests of the Union and the parties to immediately immerse myself and staff in learning the intricacies of the overall matter as well as immediately liaising with Walter Mack and his staff in anticipation of the final appointment Order. Our first step was to arrange for the transfer of the 800 hotline number to our offices once the appointment Order became effective. On or about 8/26/05, the transfer was made from the existing Walter Mack account with AT&T to our account with Verizon and since that date we have been answering the 800 incoming calls from 8 a.m. to 6 p.m. daily. We have received approximately 48 calls during this time up through the date of this letter and all have been acted on and reported to the respective union person and/or acted upon solely by the new I.I.

A good deal of my time to date and that of Dick Roth, my Chief Investigator, has been spent in liaising with Mr. Mack's office, attending and observing certain depositions he has conducted in the various Carpenter matters and file reviews of Mr. Mack's files, all in anticipation of turnover of these files. In addition, my staff and I have been attending, since our appointment, the Wednesday morning anti-corruption meetings at the Union, and the Tuesday afternoon District Council interviews of carpenters who have been summoned to appear for various incidents and/or alleged infractions of Union policy.

While engaged in reviewing Mr. Mack's files and identifying certain files that require serious attention going forward, we have been required to spend additional time on identifying from the new calls, job sites that anonymous callers have reported facts that we consider to be potentially serious allegations involving matters such as non-union workers at union job sites, Carpenters' alleged to be receiving cash payments or organized crime involvement at the job site, etc.

The transition period has moved along in a timely manner with minimal transition problems. Mr. Mack and his staff have been fully cooperative in the transition process educating me and my staff in the nuances and details of significant cases they've handled. It is our considered judgment that a number of older files should be closed due to passage of time and lower priority factors. Our goal is to focus the precious time we have available on addressing serious systematic and continuing problem matters that have a major impact on the Union and its Carpenters' membership as well as being of interest to the government and the Court. It is clear even at this early stage of our mission, that an enormous amount of time will be required in keeping abreast of new incoming complaints and trying to resolve and investigate whatever serious matters Mr. Mack will be unable to complete on his watch. My staff and I feel quite confident that Mr. Mack's completion date (10/25/05) will be conducted smoothly, his turnover memos and files done promptly and we have full confidence in our abilities to undertake and complete the mission at hand with all required reporting to the Court.

New Initiatives Undertaken

The I.I. has instituted a new case numbering system which places each case into a case category and prioritizes the case. This numbering system is modeled on the case numbering system used by the Federal Bureau of Investigation. Each case category has an investigative protocol which has been provided to the DC to assist the DC in conducting the required investigative procedures. The I.I. has designated a case assignment system, according to priority, that will assign investigative leads to II staff, DC staff, and/or Local staff. The I.I. will also be assigning cases related to non-union jobsites to the DC Organizing Department. The I.I.'s computer database will record all leads assigned as well as responses to better communicate to the DC what leads have been covered and what leads need to be covered. (A copy of the numbering key is attached for the Court's review).

The II has received complete co-operation from the District Council in this new system. We expect this new file management system incorporating category numbers and priority levels will prove to be of value to all parties and make our investigative efforts and resources a far more efficient utilization of staff effort.

Significant Developments

Unitel has received two cases which appear to have a significant presence of organized crime members on the jobsite.

(1) File Number 05-001-08-18-05 - Title of Case: J. Napp

This case was reported by Local 608 Business Manager (BM) [REDACTED] on 08/18/2005. [REDACTED] advised that he received information that the owner of J. Napp was Joseph William Napolitano aka Billy Napp. [REDACTED] heard from both the employees on the jobsite and from the newspapers that Mr. Napolitano was recently indicted and was a member of organized crime. The I.I. obtained the indictment of Mr. Napolitano which alleged that he was a member of the Genovese crime family. The address of Mr. Napolitano listed in the indictment as well as

the address of J. Napp is Belleville, New Jersey. The I.I. strongly believes that the Mr. Napolitano who was indicted and the Mr. Napolitano who is the listed owner of J. Napp is the same individual.

The II has designated this case as top priority. The I.I. and the District Council have begun an investigation and jobsite monitoring program to ensure that both J. Napp and the Union officials conduct themselves free from corruption. The BM, the Business Agent (BA) [REDACTED] and the Shop Steward (SS) [REDACTED] have been interviewed by the I.I. as well as a review of the dispatches of all Union members to the jobsite.

The I.I. has determined that the dispatch of SS [REDACTED] was legitimate and that so far J. Napp has complied with the 50/50 system. J. Napp brought several workers from its company in New Jersey and requested an equal number of workers from the OWL. The I.I. has reviewed the SS reports submitted to date and all workers and hours were properly reported.

J. Napp commenced the job on July 21, 2005 and very early became delinquent in its benefit fund remittances. The District Council shut the job down. J. Napp recently sent a certified check for \$25,000. The company has been allowed to restart the job. A weekly review of remittances of benefits has been initiated by the I.I. and the District Council as well as job site visits by the BA every two or three days.

The I.I. has received complete co-operation from the District Council in this case.

(2) File Number 08-009-09-15-05 - Title of Case: 60 E. 55th Street, Manhattan

This case was the result of a call to the "hotline" on 9/15/05. The caller, who remained anonymous, alleged that several non-union workers were installing flooring at 60 E. 55th Street.

The II made an unannounced visit to this jobsite on 9/22/05. The II and DC staff encountered resistance to entering the jobsite from an individual tentatively identified as [REDACTED], a foreman from the Laborers Union. [REDACTED] has been identified by several union members as "controlling" the jobsite as well as being responsible for bringing the non-union workers onto the site. A member of another union on the site advised that an unknown individual with a strong organized crime appearance threatened the Carpenters Union SS. The I.I. and the District Council have attempted to interview the SS but he has suddenly taken a several week vacation to Ireland.

Two Carpenters Union workers who have been on the jobsite have been interviewed by the I.I. and the DC and confirmed that the non-union workers have been on the site for at least two weeks.

A Carpenters Union foreman advised that [REDACTED] and the unknown organized crime figure told workers on the site that if the Carpenters Union pickets the site "somebody

is going to get hurt.”

The I.I. has designated this case top priority. The BM and BA's assigned to this site have been interviewed and all records pertaining to this site are being obtained by the I.I.

The I.I. will prepare an investigative and monitoring plan. The I.I. will consider issuing subpoenas to all third parties in this case including the owner of the jobsite, the general contractors and sub-contractors.

The I.I. has received complete co-operation from the District Council in this case.

Topics Discussed

The I.I. has uncovered the following issues that are being discussed with the DC for the practicality of implementation.

- 1) BM, BA or SS to physically hand out paychecks to union members on problem jobsites. This will enable the union to inspect the checks for proper payment of hours and rate.
- 2) BM, BA or SS are not to call selective union members regarding upcoming jobs. All upcoming jobs are to be reported to all union members.
- 3) BM and BA to upgrade their job visit reports to include a listing of what procedures they performed on a jobsite visit such as the count of workers, their names, UBC numbers and ballpark comparison of work completed to number of Union workers who could have completed the work.

Case Assignment Categories

Category	Description	# of Cases
1	Cases alleging payoffs to shop stewards, business agents, business managers, District Council members	2
2	Cases alleging failure to pay full salary and benefits to employees	7
3	Cases alleging that shop steward is moving from job to job with the same contractor or has violated OWL rules to get on a specific job with a specific contractor	2
4	Cases alleging that there is no shop steward on jobsite	2
5	Cases alleging that organized crime is in control of the contractor	1
6	Cases alleging that there is a non-union jobsite	7
7	Cases alleging violation of the 50/50 rule	0
8	Cases alleging that a union contractor is using non-union employees	11

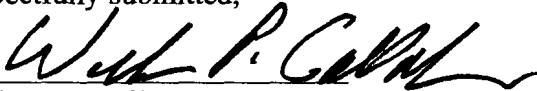
9	Cases alleging that other unions are performing Carpenter's Union work	1
10	Out of work list complaints that could pertain to a group	0
11	Out of work list complaints that pertain only to one person	0
12	Cases alleging that shop steward is not performing his duties	0
13	Coalition activity	0
14	Violation of work rule	1
15	Discrimination	2
16	Safety on jobsite violations	0
17	Allegations of member misconduct	8
18	Miscellaneous	2
19	Improper discharge of stop steward	1
20	Allegations against District Council members	1

The I.I. will provide details and dispositions of these cases upon request.

With respect to the Court's Order entered August 26, 2005, there are a few minor revisions we deem necessary and plan to speak with Mr. Scarvalone's office shortly to see if the government can consent to our suggestions before approaching your Honor with our request.

At the convenience of the Court, we would be pleased to meet with your Honor to discuss our mandate and solicit ideas and suggestions re our going forward. Your Clerk can call us at the below number for a date convenient.

Respectfully submitted,



William P. Callahan, Esq.
Independent Investigator

cc: Edward Scarvalone
Assistant U.S. Attorney, SDNY

Gary Rothman, Esq
O'Dwyer & Bernstein

Walter Mack, Esq.

Office of the Independent Investigator

MEMO

DATE: September 8, 2005

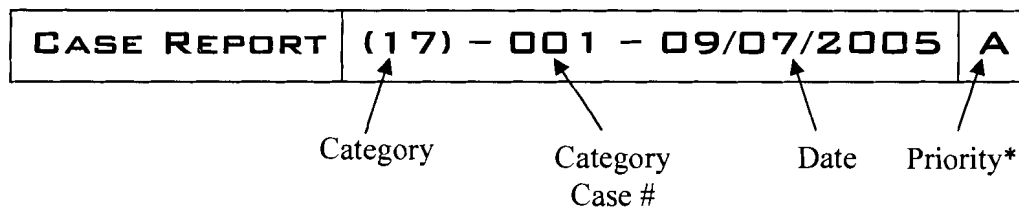
TO: NYC DC

FR: Dick Roth

CC: William Callahan

RE: Revision to New Case File Numbering System

Following the ACC meeting on Wednesday 9/8/05, I have determined that the most efficient methodology will be to place the new category number at the beginning of the number string. See below for example:



I.I. Contact Numbers

Unitel

17 Battery Place, Suite 1226

New York, NY, 10004

Phone: (212)-889-3000

Fax: (212)-889-3242

David Maldonado – Case File Manager

* Priority can be added after the case is reviewed

CASE ASSIGNMENT CATEGORIES

- 1 Cases alleging payoffs to shop stewards, business agents, business managers, District Council members
- 2 Cases alleging failure to pay full salary and benefits to employees
- 3 Cases alleging that shop steward is moving from job to job with the same contractor or has violated OWL rules to get on a specific job with a specific contractor
- 4 Cases alleging that there is no shop steward on jobsite
- 5 Cases alleging that organized crime is in control of the contractor
- 6 Cases alleging that there is a non-union jobsite
- 7 Cases alleging violation of the 50/50 rule
- 8 Cases alleging that a union contractor is using non-union employees
- 9 Cases alleging that other unions are performing Carpenter's Union work
- 10 Out of work list complaints that could pertain to a group
- 11 Out of work list complaints that pertain only to one person
- 12 Cases alleging that shop steward is not performing his duties
- 13 Coalition activity
- 14 Violation of work rule
- 15 Discrimination
- 16 Safety on jobsite violations
- 17 Allegations of member misconduct
- 18 Miscellaneous
- 19 Improper discharge of stop steward
- 20 Allegations against District Council members

Office of the Independent Investigator

MEMO

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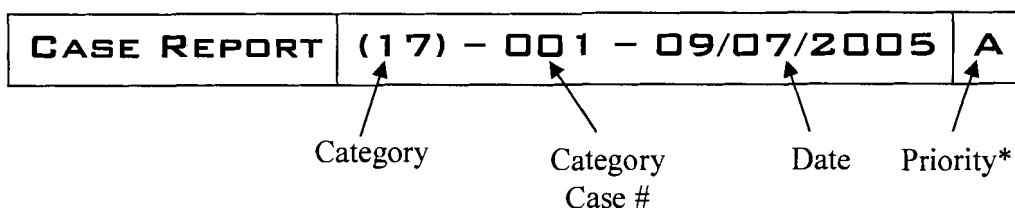
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NYCDC -CARPENTER'S HOTLINE

INDEPENDENT INVESTIGATOR

Running Total	Case Number	Date	General Contractor	Location	Date Closed
1	(04)-001-08/18/05	8/18/2005			
2	(05)-001-08/18/05	8/18/2005			
3	(08)-001-08/25/05	8/25/2005			
4	(17)-001-08/26/05	8/26/2005			14-Sep-05
5	(15)-001-08/26/05	8/26/2005			14-Sep-05
6	(06)-001-08/29/05	8/29/2005			14-Sep-05
7	(06)-001-08/29/05	8/29/2005			
8	(17)-003-08/29/05	8/29/2005			
9	(02)-001-08/30/05	8/30/2005			14-Sep-05
10	(08)-002-09/01/05	9/1/2005			
11	(08)-003-09/01/05	9/1/2005			21-Sep-05
12	(02)-002-09/07/05	9/7/2005			
13	(06)-002-09/07/05	9/7/2005			
14	(08)-004-09/07/05	9/7/2005			21-Sep-05
15	(17)-002-09/07/05	9/7/2005			
16	(08)-005-09/08/05	9/8/2005			14-Sep-05
17	(09)-001-09/08/05	9/8/2005			
18	(03)-001-09/09/05	9/9/2005			
19	(08)-006-09/12/05	9/12/2005			21-Sep-05
20	(18)-001-09/12/05	9/12/2005			21-Sep-05
21	(08)-007-09/13/05	9/13/2005			14-Sep-05
22	(02)-005-09/14/05	9/14/2005			
23	(02)-003-09/14/05	9/14/2005			
24	(02)-004-09/15/05	9/14/2005			
25	(08)-008-09/15/05	9/15/2005			
26	(17)-004-09/15/05	9/15/2005			
27	(17)-005-09/15/05	9/15/2005			14-Sep-05
28	(08)-009-09/15/05	9/15/2005			
29	(01)-002-09/15/05	9/15/2005			
30	(02)-006-09/15/05	9/15/2005			
31	(15)-002-09/19/05	9/19/2005			
32	(17)-006-09/19/05	9/19/2005			28-Sep-05
33	(14)-001-09/19/05	9/19/2005			
34	(04)-002-09/20/05	9/20/2005			
35	(06)-003-09/20/05	9/20/2005			
36	(17)-007-09/21/05	9/20/2005			
37	(06)-004-09/22/05	9/22/2005			
38	(17)-008-09/23/05	9/23/2005			
39	(17)-009-09/23/05	9/23/2005			28-Sep-05

* Non-Hotline Call

RUNNING TOTAL OF CASES

NYCDC -CARPENTER'S HOTLINE

2

INDEPENDENT INVESTIGATOR

Running Total	Case Number	Date	General Contractor	Location	Date Closed
40	(06)-005-09/26/05	9/26/2005			
41	(08)-010-09/26/05	9/26/2005			
42	(08)-011-09/26/05	9/26/2005			
43	(18)-002-09/25/05	9/25/2005			
44	(06)-006-09/27/05	9/27/2005			
45	(02)-007-09/27/05	9/27/2005			
46	(19)-001-09/15/05	9/15/2005			
47	(06)-007-09/23/05	9/23/2005			28-Sep-05
48	(03)-002-09/28/05	9/28/2005			
49	(20)-002-09/29/05	9/29/2005			
50	(20)-003-09/29/05	9/29/2005			
51	(20)-004-09/28/05	9/28/2005			
52	(07)-001-09/29/05	9/28/2005			

* Non-Hotline Call

RUNNING TOTAL OF CASES